

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For Quarterly Period Ended MARCH 31, 2005

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No. 0-24259

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada
(State or Other Jurisdiction of
Incorporation or Organization)

75-2712845
(I.R.S. Employer
Identification #)

1301 Avenue M, Cisco, TX 76437
(Address of Principal Executive Offices and Zip Code)

(254) 442-2658
Registrant's Telephone Number Including Area Code

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

There were 10,519,944 shares of common stock, No Par Value,
outstanding as of April 30, 2005

Transitional Small Business Disclosure Format; ☐ Yes ☒ No

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

FORM 10-QSB

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REPORT ON REVIEW BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Australian-Canadian Oil Royalties Ltd.
Cisco, Texas

We have reviewed the accompanying balance sheet of Australian-Canadian Oil Royalties Ltd. as of March 31, 2005, and the related statements of operations, stockholders' equity, and cash flows for the three months ended March 31, 2005 and 2004. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), the balance sheet of the Company as of December 31, 2004, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and, in our report dated March 24, 2005, we expressed an opinion on those financial statements that was qualified with respect to the Company's ability to continue as a going concern. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2004 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

/s/ Robert Early & Company, P.C.
Robert Early & Company, P.C.
Abilene, Texas

May 3, 2005

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,751	\$ 9,803
Cash equivalents, restricted	1,000,000	1,000,000
Royalties receivable	2,885	4,101
Prepaid expenses and other	289	2,574
Total Current Assets	<u>1,023,925</u>	<u>1,016,478</u>
PROPERTY AND EQUIPMENT		
Oil and gas properties	887,784	832,439
Office equipment and furniture	18,421	18,421
Accumulated depreciation and depletion	<u>(42,286)</u>	<u>(39,222)</u>
Total Property and Equipment	<u>863,919</u>	<u>811,638</u>
OTHER ASSETS		
Investment in Cooper Basin Oil & Gas, Inc.	<u>154</u>	<u>154</u>
TOTAL ASSETS	<u><u>\$ 1,887,998</u></u>	<u><u>\$ 1,828,270</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 28,667	\$ 4,025
Accrued interest payable	1,705	974
Loans from officers	101,465	20,000
Note payable to bank	1,000,000	1,000,000
Total Current Liabilities	<u>1,131,837</u>	<u>1,024,999</u>
STOCKHOLDERS' EQUITY		
Common stock (50,000,000 shares authorized; no par value; 10,519,944 and 10,484,944 shares issued and outstanding)	1,603,372	1,592,572
Additional paid in capital	83,347	82,547
Accumulated deficit	(923,477)	(871,850)
Stock issued for deferred services	(7,083)	-
Other comprehensive income:		
Foreign currency translation adjustment	<u>2</u>	<u>2</u>
Total Stockholders' Equity	<u>756,161</u>	<u>803,271</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 1,887,998</u></u>	<u><u>\$ 1,828,270</u></u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF OPERATIONS

For the Three Months Ended March 31, 2005 and 2004
(Unaudited)

	<u>2005</u>	<u>2004</u>
OIL AND GAS REVENUES	\$ 2,303	\$ 1,679
COST OF SALES		
Production taxes	38	25
Lease operating expenses	2,599	-
Depletion	<u>1,529</u>	<u>478</u>
GROSS PROFIT	<u>(1,863)</u>	<u>1,176</u>
OPERATING EXPENSES		
Personnel costs	24,527	15,609
Professional fees	3,922	118
Promotional and advertising	8,616	1,362
Excess oil and gas costs	-	964
Office expenses	2,575	3,643
Depreciation	1,535	-
Other	2,479	3,293
Total Operating Expenses	<u>43,654</u>	<u>24,989</u>
OPERATING LOSS	(45,517)	(23,813)
OTHER INCOME/(EXPENSE)		
Interest and dividends	3,331	808
Interest expense	<u>(9,083)</u>	<u>(2,084)</u>
NET LOSS BEFORE INCOME TAXES	(51,269)	(25,089)
Australian income taxes	<u>358</u>	<u>339</u>
NET LOSS	<u>\$ (51,627)</u>	<u>\$ (25,428)</u>
BASIC (LOSS) PER COMMON SHARE	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted Average Number of Common Shares Outstanding:		
Basic	<u>10,495,222</u>	<u>7,832,428</u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENT OF STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2004

(Unaudited)

	Common Stock		Additional	Accumulated	Deferred	Accumulated	
	Shares	Amount	Paid In	Earnings/	Services	Other Com-	Totals
			Capital	Deficit		prehensive	
						Income	
BALANCES, December 31,	10,484,944	\$ 1,592,572	\$ 82,547	\$ (871,850)	\$ -	\$ 2	\$ 803,271
Stock issued for services	35,000	10,800	-	-	(7,500)	-	3,300
Additional contributed capital	-	-	800	-	-	-	800
Net loss	-	-	-	(51,627)	417	-	(51,210)
Other comprehensive income:							
Foreign currency translation							
adjustment	-	-	-	-	-	-	-
BALANCES, March 31, 2005	<u>10,519,944</u>	<u>\$ 1,603,372</u>	<u>\$ 83,347</u>	<u>\$ (923,477)</u>	<u>\$ (7,083)</u>	<u>\$ 2</u>	<u>\$ 756,161</u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2005 and 2004
(Unaudited)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (51,627)	\$ (25,428)
Adjustments to reconcile net loss to cash from operating activities:		
Depreciation, depletion and amortization	3,064	478
Excess oil and gas costs	-	964
Expenses contributed by officer	800	600
Stock issued for expenses	3,717	2,290
Changes in operating assets and liabilities:		
Royalties receivable	1,216	1,563
Prepaid expenses and other	2,285	(185)
Accounts payable and accrued expenses	<u>25,373</u>	<u>75,195</u>
Net Cash Provided by/(Used In) Operating Activities	(15,172)	55,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of oil and gas interest	(55,345)	(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans from officers	<u>81,465</u>	<u>20,000</u>
Net Increase in Cash	10,948	477
Cash, Beginning of Period	<u>9,803</u>	<u>16,931</u>
CASH, END OF PERIOD	<u><u>\$ 20,751</u></u>	<u><u>\$ 17,408</u></u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
<u>Interest and Income Taxes Paid</u>		
Income taxes	\$ 16	\$ 305
Interest expense	8,352	4,090
<u>Non-Cash Transactions</u>		
Contributed services and office space	800	600
Stock issued for oil & gas costs	-	-
Stock issued for notes payable and accrued interest	-	111,340
Stock issued for services	10,800	-

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.
SELECTED INFORMATION FOR FINANCIAL STATEMENTS
(Unaudited)
March 31, 2005

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions of Regulation S-B. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information included in the Company's Report on Form 10-SB for the year ended December 31, 2004. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The report of Robert Early and Company, P.C. commenting on their review accompanies the financial statements included in Item 1 of Part 1. Operating results for the three-month period ended March 31, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005.

NOTE 2: GOING CONCERN CONSIDERATIONS

The Company neither has sufficient cash on hand nor is it generating sufficient revenues to cover its operating overhead. These facts raise doubt as to the Company's ability to continue as a going concern. The Company has operated over the past year based on loans/stock purchases from its officers. There is no guarantee that such officers will continue to provide operating funds for the Company. In order to pursue its goals and commitments under the Australian concession prospects that it has obtained, the Company will be required to obtain significant funding or to exchange all or portions of its interests in those concessions to meet the minimum expenditure requirements underlying the concessions. Management's plans include attempting to find a drilling company to farm out the working interests under the concessions, raising funds from the public through a stock offering, and attempting to acquire additional producing interests in exchange for stock. Management intends to make every effort to identify and develop sources of funds. There is no assurance that Management's plans will be successful.

NOTE 3: CONTRIBUTED EXPENSES

Officers of the Company have not been paid for their services. Additionally, the Company has not established an office separate from that of its officers. The value of the officers' unpaid services has been estimated at \$400 and \$300 for the first quarter of 2004 and 2003, respectively. The value of office space utilization has also been estimated at \$400 and \$300 for the first quarter of 2004 and 2003. These costs have been recorded as expenses and as additional capital.

NOTE 4: STOCK TRANSACTIONS

During February and March 2005, the Company issued 35,000 restricted common shares to two unrelated persons in payment for a promotional services valued at a total of \$10,800. One of these transactions, valued at \$7,500, called for the provision of these services over a three-year period. As a result, deferred services has been recognized for the remaining balance which will be amortized over the remaining period of the services. In addition, the Board of Directors has approved a contract for management services being provided to the Company. Compensation under this contract is to be paid with restricted shares equal to 1% of the outstanding shares. One-fourth of the estimated value of this contract has been accrued in the first quarter.

NOTE 5: AUSTRALIAN CONCESSIONS

During the first quarter of 2005, the Company paid its portion of leasing fees on VIC/P60 and its portion of initial seismic costs related to starting the seismic programs on PELs 108 and 112.

NOTE 6: RELATED PARTY TRANSACTIONS

As noted in the Company's Form 10-KSB for the year ended December 31, 2003, the Company acquires personnel services from and reimburses related parties for administrative and other general operating expenses on an ongoing basis.

During the first quarter of 2005, the Company paid \$13,844 for personnel costs and other expenses to related parties, primarily Secretarial Services, Inc. and Tensleep Oil and Production, Inc. In addition, the Company reimbursed Australian Grazing & Pastoral Pty., Ltd. for Australian legal fees and licensing costs incurred on the Company's behalf. Robert Kamon, the Company's Secretary controls these entities.

The Company borrowed \$81,465 from its President and Secretary during the first quarter of 2005 to meet its operating expenses and its exploration obligations.

NOTE 7: SUBSEQUENT EVENTS

During April 2005, the Company sold 8.5% working interest out of its 50% in PELs 108, 109, and 112 for a total of \$338,500 to Robert Kamon, Jan Soleimani, and Cheri Pink, Inc. These funds were in turn used to pay the Company's portion of seismic exploration costs on PELs 108 and 112.

Item 2. Management's Discussion and Analysis and Plan of Operations

General Discussion:

Management is pleased to report that ACOR is being transformed into an oil exploration Company because of several exciting events. These include the giant oil discoveries adjoining PEL 112 to the east producing approximately \$68 million per year in settled production, the price of crude oil being above \$US50 per barrel, and the 52% success rate for "wildcat" exploration drilling by new junior oil companies in the Cooper/Eromanga Basin.

ACOR holds approximately 7,650,352 net working interest acres in the most prolific basins in Australia. These are located onshore in the Cooper/Eromanga Basin and offshore in the Gippsland Basin. ACOR's President, instructed management to hire the best available seismic and geophysical team in the Cooper/Eromanga Basin in order to begin a detailed exploration program on PELs 108 and 112. ACOR hired Andy McGee, a highly respected geophysicist and Steven Tobin of Terrex Seismic. A crew of approximately 35 personnel will be working this spring and summer to perform the shooting and interpreting of 190 kilometers of seismic on PELs 108 and 112. ACOR is very excited about the current prospects mapped on PEL 112 and Mr. McGee and Mr. Tobin had valuable suggestions to help ACOR shoot seismic on the best prospects on PELs 108 and 112.

ACOR management has been granted a variance that will allow ACOR to take the seismic money pledged on all three areas and spend the majority to shoot 155 kilometers of seismic on PEL 112 and 35 kilometers of seismic on PEL 108. Because of the excellent talent that ACOR has hired to explore PEL 108 and 112, the South Australian Government has also agreed to allow ACOR to keep PEL 109 for possible exploration at a later date.

Adjoining PEL 112 to the North, the Christies Oil Field has produced approximately 1,554 barrels of oil per day from three wells and the Sellicks well is producing approximately \$2.1 million per year. Adjoining PEL 112 to the east, the Worrior Oil Field is producing approximately \$5,690,200 per month or approximately \$68,270,400 per year.

ACOR owns a 41.5% working interest under PEL's 108, 109 and 112.

ACOR owns a 25% working interest in VIC/P60 ("Permit 60"). Permit 60 is located in the Gippsland Basin and consists of 339,769 acres. In excess of four billion barrels oil/condensate and 12 TCF gas reserves have been discovered in the basin since exploration drilling began in 1964. Mr. Roy Whiting, an expert geophysicist is now working full time on seismic interpretation for Permit 60. Mr. Whiting has reported to ACOR management that he has already identified several structures on Permit 60 that were possibly overlooked by the Australian Government.

ACOR owns a 1/20th of 1% overriding royalty interest under VIC/P54. The drilling of the Longtom #3 as an appraisal well is expected in September 2005 using the Ocean Patriot drilling rig. The drilling program will ensure the rapid appraisal of the field which, if successful, will lead to its early development. The well will be designed such that it can be suspended as a future commercial gas producer that can be rapidly brought into production. Final permeability results from the core recovered from the Longtom #2 appraisal well were very positive. Nexus Energy Ltd.'s analysis indicates that the upper sands at Longtom should flow at commercial rates in an appropriately drilled and completed well. Mapping and engineering studies indicate that the Longtom Field contains commercial quantities of gas with large potential for reserves.

Nexus has revised the estimated recoverable gas volume based on geological data obtained from the Longtom #2 well (including the core data recovered from the sidetrack). Current indications (based on the successful Longtom #2 appraisal well) are that estimated potential proved + probable recoverable gas volumes in the Longtom field could be in excess of 300 BCF, with estimated potential proved, probable and possible gas volumes of up to 500 BCF. The objectives of the Longtom #3 well are to confirm the commercial gas flow and reserve potential of the upper sands of the reservoir and the lateral extent of the lower sands by drilling horizontally through the reservoir.

ACOR owns a 3/10th of 1% overriding royalty interest in PEL 88. Cooper Energy, the operator of PEL 88, is scheduled to spud the Kitson-1 well approximately May 15th. It is expected to take 18 days to reach the planned total depth of 2,205 meters. The well is projected to cost \$1.8 million. The Kitson-1 exploration well has estimated undiscovered mean reserves of 5 million barrels of oil. The Kitson-1 is located approximately 200 km north-northeast of Moomba in South Australia. The Kitson prospect consists of a large two fault closed structure.

At its crest, it contains two four-way dip closed structures. Five zones, the Namur, Birkhead, Hutton, Poolowanna and Tinchoo formations, have been identified by seismic analysis as potential production and are targeted. Should a reservoir be discovered in the Namur, then the fault closed structure is estimated to contain recoverable oil reserves in the range between 5 to 42 million barrels, with an estimated mean of 20 million barrels. Cooper Energy CEO, Mike Scott, said the company's exploration portfolio always has room for a few high-risk/reward wells like the Kitson which have the possibility of discovering up to an estimated 42 million recoverable barrels in a single reservoir plus the enormous upside of discovering multiple reservoir zones. This undoubtedly has to be classed as a possible company-making target. Should a discovery be made at Kitson, there is an even larger target on PEL 88 - the Lancier Prospect. The Lancier lies 15 km to the west of the Kitson and Cooper intends to follow up on it as soon as feasibly possible following a success on Kitson.

ACOR owns a 1/10th of 1% overriding royalty interest in PEL 115. The Mirage-1 in South Australia's Cooper Basin has stabilized at a flow rate of 275 barrels of oil per day. Spudding of the Mirage-2 development well is expected in July. The interpreted recoverable oil reserves for the Mirage Oil Field is estimated at between 1.3 million to 2.3 million barrels. Mirage-1 flowed clean oil at a rate of 372 barrels of oil per day on a 1/2 inch choke during the "clean-up" production test phase.

Australia is a "hot spot" for oil and gas exploration and is positioned for possible "Company-Maker" discoveries.

Liquidity and Capital Resources

The principal assets of ACOR are oil and gas properties, reported at \$887,784 on March 31, 2005. The Total Current Assets increased from March 31, 2004 to March 31, 2005. The Company's Total Current Assets as of March 31, 2005, was \$1,887,988 with Total Current Liabilities of \$1,131,837, giving a liquidity ratio of 1.67 to 1.0. The Company's cash position was \$1,020,751 on March 31, 2005 compared to \$1,009,803 and \$770,604 on December 31, 2004 and March 31, 2004, respectively, although a portion of the cash was restricted as to use at each of these dates. The Company continues to have no long-term debt.

Stockholders' Equity decreased when comparing March 31, 2005 (\$756,477) to December 31, 2004 (\$803,271) and March 31, 2004 (\$770,604).

Management believes that its current cash balance is sufficient to fund immediate administrative needs. However, long-term plans are will require significant additional capital and there is no assurance that the Company will be able to obtain such funds or to obtain the required capital on terms acceptable to the Company. In late April, the Company sold 8 1/2% of its working interest under PELs 108, 109 and 112 to three stockholders to pay their portion of seismic costs (\$338,500).

The Company plans to farm out interests in oil and gas concessions that it acquires in order to pay for exploration costs such as seismic and drilling. The Company may also satisfy its future capital requirements by selling the Company's common stock. If unable to obtain financing from the sale of its securities or some other source, the Company may not be able to achieve some of its future goals.

Results of Operations

Oil and gas revenues increased when comparing the three months ended March 31, 2005 (\$2,303) to the three months ended March 31, 2004 (\$1,679). These fluctuations in revenues are primarily due to changes in production, the price of oil, and production expenses. Total Operating Expenses were \$43,654 for the three months ended March 31, 2005 compared to \$24,989 for the quarter ended March 31, 2004. The principal reasons for the increase is due to personnel, advertising and associated costs.

The Company's operating loss was \$45,517 for the quarter ended March 31, 2005 compared to an operating loss of \$23,813 for the same period in 2004. The net loss for the three months ended March 31, 2005 was \$51,627 compared to a net loss of \$25,428 for the quarter ended March 31, 2004. The increase in net loss is attributable, as described in the paragraph above, as principally personnel, advertising and associated costs.

Disclosure Regarding Forward-Looking Statements

The forward-looking statements in this Form 10-QSB reflect the Company's current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and

uncertainties that could cause actual results to differ from those anticipated. In the Form 10-QSB, the words "anticipates," "believes," "expects," "intends," "future" and similar expressions identify forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that may arise after the date hereof. All subsequent written or oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this section.

Item 3: Controls and Procedures

- (a) Within the 90-day period prior to the date of this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Company's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation required to be included in the Corporation's Exchange Act filings.
- (b) There have been no significant changes in the Corporation's internal controls or in other factors that could significantly affect its internal controls subsequent to the date the Corporation carried out its evaluation.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- Exhibit 31.1 -- Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 31.2 -- Certification of Secretary and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 32 -- Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K -- None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Australian-Canadian Oil Royalties Ltd.

Date: May 13, 2005

/s/ ROBERT KAMON

By: Robert Kamon, Secretary and
Principal Financial Officer

EXHIBIT 31.1 -- Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

CERTIFICATION

I, Robert Kamon, Secretary, and Chief Financial Officer certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls that could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2005

/s/ Robert Kamon

Robert Kamon
Secretary and Chief Financial Officer

CERTIFICATION

I, Ely Sakhai, President and Chief Executive Officer certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls that could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2005

/s/ Ely Sakhai

Ely Sakhai, President and
Chief Executive Officer

EXHIBIT 32 -- Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd. (the "Company") for the quarterly period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ely Sakhai, Chairman of the Board and President of the Company, and Robert Kamon, Secretary and Chief Financial Officer and Secretary of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of their knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly represents, in all material respects, the financial condition and result of operations of the Company.

/s/ Ely Sakhai
Ely Sakhai
Chairman of the Board and President

May 13, 2005

/s/ Robert Kamon
Robert Kamon
Chief Financial Officer and Secretary

May 13, 2005

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.